

CLOSED-END SECOND MORTGAGE PLATINUM

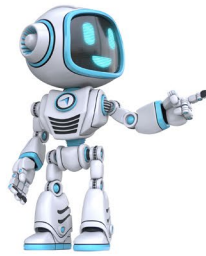
CLOSED END SECOND				
Max Loan Amount	Min. FICO	Max CLTV ¹		
		Primary Residence	Second Home	Investment
\$150,000 - \$350,000	720	90% ^{2,3,4}	80%	80%
	700	85% ⁴		
\$350,001 - \$500,000	700	80%	75%	70%
\$500,001 - \$750,000	720	75%	70%	65%

1. 3-4 units – Max 75%
2. > 85% requires full appraisal
3. > 85% requires full income documentation
4. Warrantable condominiums – Max CLTV 85%, 80% in FL

Product Features	
Term	10, 15, 20, 30-year Fixed Rate - Fully amortizing
Product	Closed end second must have a 1st lien Concurrent closing ineligible First lien must be seasoned 60 days from closing to application
General Eligibility	
Borrower	<ul style="list-style-type: none"> US Citizens Permanent Resident Alien Inter vivos Revocable Trusts Non-Occupant Co-Borrower (must be non-occupant co-borrower on the 1st lien) No changes in property vesting permitted
Ownership Seasoning	Borrower must have owned property for 6 months
Eligible Lien Position	2 nd lien only
Min. Loan Amount	\$150,000
Combined Max Loan Amount	\$3,500,000
Assets	None
Reserves	Rate/Term – requires 3 months reserves. Reserves based on PITIA on the 1st and 2nd lien.
Geographical Restrictions	Not available in Texas

Revision: 3/7/2024



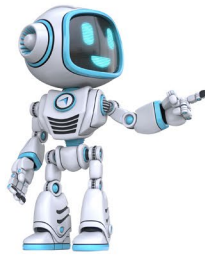


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Ineligible 1st Liens	<ul style="list-style-type: none"> Loans in active forbearance or deferment Balloon Reverse Mortgage Negative Amortization Loan terms > 40 years ARMs HELOC Private Party Open Renovations Loans with fixed interest-only where there is less than seven years of interest only period remaining from the new CES Note Date CEMA transactions Properties with a PACE lien
Credit	
DTI	<ul style="list-style-type: none"> >85% CLTV- Max 45% ≤ 85% CL TV - Max 50%
Credit Score	<ul style="list-style-type: none"> Mid-score for the Primary Wage-Earner Min FICO: 700 No borrower can have a mid-score < 680
Tradeline Requirement	<ul style="list-style-type: none"> Each borrower must have 2 tradelines or joint borrowers must have a total of 3 tradelines combined, rated at least 12 months, with activity in the last 24 months Tradeline may be opened or closed Eligible tradelines cannot have any derogatory history in previous 24 months Current housing not reporting on credit can be considered an open trade if supported by bank records (cancelled checks/ debits) No authorized user accounts will be used to satisfy minimum tradelines Non-traditional credit is not allowed as an eligible tradeline
Housing History	<ul style="list-style-type: none"> Minimum 12 months housing/rental history required 0x30x12
Recently Listed Properties	<ul style="list-style-type: none"> All occupancy types – properties listed for sale in the last 6 months are not eligible.
Credit Event	<ul style="list-style-type: none"> Short Sale Foreclosure and Bankruptcy 4 years BK - Ch 7, 11- based on discharge or dismissal date BK - Ch 13 based on filed date BK - Ch 13 - payment history shows no 30-day lates <p>Multiple credit events are ineligible</p>
Collateral	
Eligible Property Types	<ul style="list-style-type: none"> SFR 2-4 units PUD Townhome Warrantable Condo <ul style="list-style-type: none"> Non-Warrantable Condos are not permitted

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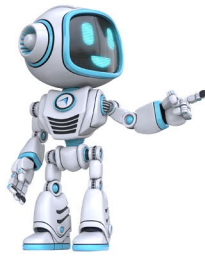


CLOSED-END SECOND MORTGAGE P L A T I N U M

Occupancy	<ul style="list-style-type: none"> • Owner-Occupied • Second Homes • Investment 	
Acreage Limitation	2 acres	
Title Insurance	≤ \$250,000 - ALTA Residential Limited Coverage Junior Loan Policy insuring the second lien amount > \$250,000 – ALTA Standard Coverage Policy insuring the second lien amount	
Solar panels	<ul style="list-style-type: none"> • Properties with solar panels are eligible for purchase, however, should not be included in property valuation • Solar panel agreements are permitted in accordance with FNMA guidelines 	
Income/employment		
Income Documentation	Follow Full Doc (2 year) Express Doc (1 year)	Follow 12 Month Bank Statement
	Wage Earner - most recent YTD paystub or Electronic WVOE (i.e., The Work Number) and 1 or 2 years W2 Self-Employed= 1 or 2 years personal & business tax returns w/YTD P&L	12-month Bank Statements. See Bank Statement Income below
Bank Statement Income	<p><u>BUSINESS BANK STATEMENTS</u> Borrowers who are using more than 3 business bank accounts must qualify using personal bank statements</p> <p><u>FIXED EXPENSE RATIO</u> All business can qualify using a 50% expense ratio</p> <p><u>Option 1: 50% Expense Factor</u> will be utilized to calculate income</p> <ul style="list-style-type: none"> • Verify borrower is minimum 25% owner of business • Decreasing or negative ending balances must be addressed • Cyclical and seasonal trends may be taken into consideration <p><u>Option 2: 20% Expense Factor</u> eligible only if all of the following applies to the business</p> <ul style="list-style-type: none"> • Borrower is sole owner and operator of the business (no partners, employees, etc.) • Service business (no cost of goods, no heavy equipment, machinery, etc.) • Does not require office space that would incur rent. 	

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PERSONAL BANK STATEMENTS

Option 1: Personal bank statements with evidence of business bank account

- 100% of business deposits in a personal bank account can be used
- Provide most recent 2 months business statements to validate deposits are from the borrower owned business bank account. (Only giving credit for transfer from the business; or receipt of payroll from business and distributions only)

Option 2: Personal bank statements with no business bank account - service business
10% Expense factor for Co-mingled bank accounts (Example: Sch C consultants, independent contractors, etc.)

- 12-months complete personal bank statements from the same account if borrower does not have a separate business bank account
- Service business (no goods, parts or materials needed)
- Sole practitioner (no partners, employees, or contractors)
- Works out of the home (does not rent any space office/warehouse)
- Does not require any heavy equipment/machinery/vehicles

Option 3: Personal bank statements with no business bank account - non-service business

- Comingled business and personal with no business account for non-service businesses are considered as business bank statements with the appropriate expense factor applied
- Deposits from self-employment business only, will be included into bank statement calculation
- A trend of repeated expense not reported on the credit report may need additional explanation and may be considered a liability